

STATE OF WASHINGTON**OFFICE OF
INSURANCE COMMISSIONER****BEFORE THE INSURANCE COMMISSIONER
OF THE STATE OF WASHINGTON**

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In the Matter of)	No. D 2000 - 09
GUARANTY NATIONAL NSURANCE COMPANY)	Consent Order Levying a Fine An Authorized Insurer
<i>Licensee.</i>)	
)	

FINDINGS OF FACT:

1. Guaranty National Insurance Company ("Guaranty National") is authorized to transact insurance business in Washington State, including vehicle insurance.
2. On some undetermined date in late 1998 or early 1999, Guaranty National increased the premiums on auto policies issued to three insureds in Washington state, because of a change in their zip code by the United States Postal Service. One of them filed a consumer complaint with the Office of the Insurance Commissioner. A compliance officer employed by the Insurance Commissioner contacted Guaranty National about this, requesting that the insurer correct this and also determine whether rates had been increased for any other Washington insureds, beside the one complaining consumer.
3. Guaranty National determined that the rates had been increased for three of its insureds, including the complaining consumer. It also corrected the increase and changed the rates for these three insureds back to the proper level. Guaranty National also gave them credits for the amount of the increase. It cooperated with the Office of the Insurance Commissioner in this matter.
4. The Insurance Commissioner finds that Guaranty National did not act willfully in increasing the

premiums for these three insureds because of a zip code change by the United States Postal Service.

CONCLUSIONS OF LAW:

1. WAC 284-24-110 provides that "An insurer shall not change an insured's rates solely because the insured's zip code has been changed by the United States Postal Service." It also provides that "...the zip code boundaries in effect at the time an insurer makes a rate filing defining the territories shall determine the physical boundaries of these territories. These boundaries can be changed only by the insurer's subsequent rate filings." Guaranty National committed three violations of this regulation.

2. RCW 48.05.140(1) provides that "The Commissioner may refuse, suspend, or revoke an insurer's certificate of authority, in addition to other grounds therefor in this code, if the

insurer...Fails to comply with any provision in this code other than those for violation of which refusal suspension or revocation is mandatory, or (which) fails to comply with any proper order or regulation of the Commissioner..."

3. RCW 48.05.185 provides that "After hearing or with the consent of the insurer, and in addition to or in lieu of the suspension, revocation, or refusal to renew any certificate of authority, the Commissioner may levy a fine upon the insurer" in an amount from two hundred fifty dollars to ten thousand dollars per offense.

CONSENT TO ORDER

1. Guaranty National Insurance Company stipulates to the foregoing Findings of Fact and Conclusions of Law. It is also stipulates to payment of a fine in the total amount of \$1500 and no/100 (fifteen hundred dollars) for three violations of WAC 284-24-110. In accordance with the provisions of RCW 48.05.185, this fine is to be timely paid in full within thirty days of the entry of this order at Olympia, Washington. Payment of this fine is in lieu of proceedings against the certificate of authority held by Guaranty National in Washington state.

2. Guaranty National acknowledges that it is subject to the requirements of Title 48 RCW, the Insurance Code, and of Title 284 WAC, including WAC 284-24-110.

Executed this _____ day

of _____, 1999

Typed Name _____

Typed Title _____

Guaranty National Insurance Company

ORDER:

Pursuant to RCW 48.05.140 and RCW 48.05.185, the Insurance Commissioner imposes a fine of \$1500 and no/100 (fifteen hundred dollars) upon Guaranty National Insurance Company. This

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fine is to be paid within thirty days of the entry of this order in Olympia, Washington, otherwise the certificate of authority of this insurer will be revoked, and the fine shall be recovered on behalf of the Insurance Commissioner by the Attorney General.

ENTERED AT OLYMPIA, WASHINGTON, this _____ day of _____, 1999

DEBORAH SENN

Insurance Commissioner

By _____

William Kirby

Assistant Deputy Insurance

Commissioner